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No. 84-446

IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

HYATT LEGAL SERVICES and JOEL HYATT,

Petitioners,

v.

HYATT CORPORATION,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Seventh Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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Statement Pursuant to Supreme Court Rule 28(1)

Respondent Hyatt Corporation is a privately-held corporation. The parent corporation of respondent is HG, Inc., which is itself a wholly-owned subsidiary of HG Group, Inc. Excluding respondent's wholly-owned subsidiaries, the following companies are affiliates or subsidiaries of respondent: Braniff, Inc., ; Dalfort Corporation; Hyatt Air, Inc.; and Ticketmaster Corporation.

QUESTIONS PRESENTED

Until the filing of their unsuccessful petition for rehearing, petitioners had not raised any of the issues they urge here as grounds for granting certiorari. The appeal in the Seventh Circuit below was from the district court's interlocutory order denying respondent Hyatt Corporation's motion for a preliminary injunction. In reversing the district court under the Illinois Anti-Dilution Act, Ill.Rev.Stat. ch. 140, § 22, the Seventh Circuit did *not* enjoin petitioners' use of the name "Hyatt." Rather, it merely ordered that petitioners modify their business name in such a manner that "it will make clear that the name 'Hyatt' as used by Hyatt Legal Services is a personal name, not a trade name." (Pet. App. 9a-10a.)

The Seventh Circuit has remanded the case for further proceedings in the district court, including a trial on the merits. No preliminary injunction has yet been entered by the district court because the mandate has been stayed pending resolution of the petition for writ of certiorari.

The following questions are presented at this interlocutory stage of the case:

1. Should this Court grant certiorari to review issues which petitioners waived in the district court and in the court of appeals?

2. Should this Court grant certiorari to review an interlocutory order in a case that has been remanded to the district court for further proceedings?

3. Is the Commerce Clause contravened by a preliminary injunction requiring petitioners to modify their business name in Illinois?

4. Is an Illinois court with personal jurisdiction over petitioners constitutionally prohibited from protecting the property rights of an Illinois resident if such relief would have an effect on petitioners outside of Illinois?

5. In the absence of a conflict among the Circuits, should this Court grant certiorari to determine whether the Lanham Act preempts Section 12 of the Model State Trademark Act, which has been adopted to date by twenty-two states?

TABLE OF CONTENTS

	PAGE
QUESTIONS PRESENTED	i
TABLE OF AUTHORITIES	iv
SUPPLEMENTAL STATEMENT OF THE CASE.....	1
Petitioners Failed to Preserve the Questions They Present for Review Here	2
Hyatt Corporation and the HYATT Mark .	3
H & R Block and the Expansion of Hyatt Legal Services	4
The Seventh Circuit Remanded for Entry of a Preliminary Injunction Which Does Not Prohibit Petitioners' Use of the Name "Hyatt" .	4
Status of the Case	6
REASONS WHY THE WRIT SHOULD BE DENIED	6
1. Petitioners Have Waived the Questions They Present for Review Here	6
2. Petitioners Are Seeking Review of an As-Yet-To-Be-Entered Interlocutory Order in a Case Remanded for Further Proceedings	7
3. The Commerce Clause Does Not Require Uniform Commercial Tort and Contract Laws in the Fifty States	8
4. An Illinois Court Having Personal Jurisdiction Over Petitioners May Enjoin Petitioners' Conduct Outside of Illinois that Injures Hyatt's Illinois Property Rights .	11

5. The Lanham Act Has Not Preempted State Trademark Law 13

CONCLUSION 17

TABLE OF AUTHORITIES

CASES: PAGE

Allstate Ins. Co. v. Hague, 449 U.S. 302 (1981) . 11

American Construction Co. v. Jacksonville, T. & K.W.R. Co., 148 U.S. 372 (1893) 8

American Fletcher Mortg. Co. v. Bass, 688 F.2d 513 (7th Cir. 1982) 3

Bibb v. Navajo Freight Lines, Inc., 359 U.S. 520 (1959) 10, 11

Brotherhood of Locomotive Firemen and Enginemen v. Bangor & Aroostock R.R. Co., 389 U.S. 327 (1967) 7

Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964) 13, 14

Country Fairways, Inc. v. Mottaz, 539 F.2d 637 (7th Cir. 1976) 3

Curtis Publishing Co. v. Butts, 388 U.S. 130 (1967) 6

Edgar v. MITE Corp., 457 U.S. 624 (1982) ... 9, 10

Golden Door, Inc. v. Odisho, 646 F.2d 347 (9th Cir. 1980) 16

Hamilton-Brown Shoe Co. v. Wolf Bros. & Co., 240 U.S. 251 (1916) 7

Instrumentalist Co. v. Marine Corps League, 509 F.Supp. 323 (N.D.Ill. 1981) 13

Keebler Co. v. Rovira Biscuit Corp., 624 F.2d 366 (1st Cir. 1980) 14

Keeton v. Hustler Magazine, Inc., ____ U.S. ____, 79 L.Ed.2d 790 (1984) 11, 12, 13

Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470 (1974) 16

McGee v. Int'l Life Ins. Co., 355 U.S. 220 (1957) . 12

Michel v. Louisiana, 350 U.S. 91 (1955) 6

Pennoyer v. Neff, 95 U.S. 714 (1877) 12

Pike v. Bruce Church, Inc., 397 U.S. 137 (1970) . 9, 10

Polaroid Corp. v. Polaraid, Inc., 319 F.2d 830 (7th Cir. 1963) 9, 12, 16

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) 13, 14

South Carolina State Highway Dept. v. Barnwell Bros., 303 U.S. 177 (1938) 9

Steagald v. United States, 451 U.S. 204 (1981) . 6

World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286 (1980) 12

CONSTITUTIONAL PROVISIONS AND STATUTES:

U.S. Const. Art. I, § 8 13

15 U.S.C. § 1051 *et seq.* 4, 15

17 U.S.C. § 301 14

28 U.S.C. § 1338 14

MISCELLANEOUS:

5 Callmann, *Unfair Competition, Trademarks and Monopolies* § 40.35 (4th Ed. 1984) 14

S. Rep. No. 1333, 79 Cong. 2d Sess., *reprinted in* 1946 U.S. Code Cong. Service 1274 14

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RESPONDENT'S BRIEF IN OPPOSITION

Respondent Hyatt Corporation ("Hyatt"), by its attorneys, respectfully requests that this Court deny the petition for writ of certiorari (the "Petition") seeking review of the Seventh Circuit's decision in this case. That decision is reported at 736 F.2d 1153.

SUPPLEMENTAL STATEMENT OF THE CASE

Petitioners' statement is misleading and incomplete. Hyatt briefly supplements that statement:

Petitioners Failed to Preserve the Questions They Present for Review Here.

All three questions petitioners present for review here (Pet. i) have been in this case since the day the lawsuit was filed, yet petitioners *first* raised them in their unsuccessful petition for rehearing filed in the Seventh Circuit.

Hyatt's Complaint sought nationwide relief under both the Anti-Dilution Act *and* the Lanham Act. (R-1.)[1] Petitioners' Answer raised no constitutional defense to the scope of relief and raised no preemption defense. (R-24.) In the district court, Hyatt requested nationwide relief in its motion for preliminary injunction and cited authority supporting the granting of such relief under the Illinois Anti-Dilution Act. (R-20 at 2.) At the district court hearing, counsel for Hyatt emphasized that the nationwide dilution of the HYATT service mark (the "HYATT mark") was "one of the major reasons we are in this court." (Tr. 115-16.) Nevertheless, petitioners raised no constitutional defense to the scope of relief in their papers or at argument in the district court; moreover, petitioners tacitly conceded that there was no preemption issue by arguing only that the *evidence* did not support Hyatt's dilution claim.

In its appellate briefs, Hyatt again requested nationwide relief under the Illinois Anti-Dilution Act and cited supporting authorities. (Reply Br. 12; Brief 16-20.) Once again,

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[1] The abbreviation "Pet." refers to the Petition for Writ of Certiorari. "Pet. App." refers to the Appendix to the Petition. "Tr." refers to the transcript of the proceedings in the district court. "R-" refers to pleadings and court filings in the record below. "Pl.Ex." and "Def.Ex." refer, respectively, to plaintiff-respondent's and defendants-petitioners' trial exhibits.

petitioners raised no constitutional defenses concerning such relief. At oral argument petitioners again were silent on the very issues they ask this Court to review, even though the scope of relief under the Anti-Dilution Act was the subject of questions by the Seventh Circuit. (Ans. to Pet. for Reh. 4.)

Not until their petition for rehearing *in banc* did petitioners urge their constitutional defenses. In its answer to the petition for rehearing, Hyatt responded that petitioners had long since waived those claims under the controlling Seventh Circuit authorities, *American Fletcher Mortg. Co. v. Bass*, 688 F.2d 513, 520 (7th Cir. 1982) and *Country Fairways, Inc. v. Mottaz*, 539 F.2d 637, 642 (7th Cir. 1976). (Ans. to Pet. for Reh. 7-8.) The Seventh Circuit denied the petition for rehearing. (Pet. App. 21a.)

Hyatt Corporation and the HYATT Mark.

Hyatt is "a well known and well regarded hotel operator with some seventy hotels in the United States," including six hotels in metropolitan Chicago, Hyatt's principal place of business. (Pet. App. 2a; Tr. 13.) Hyatt hotels provide overnight accommodations to approximately 12 million persons each year and also serve 8 million additional consumers who attend conferences or other events (*e.g.*, weddings) or dine in hotel restaurants. (Pet. App. 2a; Tr. 8.) Hyatt spends approximately $50 million annually in marketing and promoting its services under the HYATT mark, including $18 million in direct print and broadcast advertising throughout the world. (Pet. App. 2a; Tr. 9-10.)

Since 1954, Hyatt and its affiliates and predecessors have offered their services to the public under the HYATT mark, which was registered by the United States Patent Office in 1971 and has since become incontestable as a

matter of law pursuant to § 15(b) of the Lanham Act, 15 U.S.C. § 1065. (Pl.Ex. 1, Pl.Ex. 11; Pet. App. 13a.)

H & R Block and the Expansion of Hyatt Legal Services.

In June 1980, Hyatt Legal Services entered into an agreement with a subsidiary of H & R Block, the national income-tax preparation firm, to finance the expansion of Hyatt Legal Services. (Def.Ex. 1, Ex. A; Tr. 23, 93.) Hyatt Legal Services previously had offices only in northern Ohio. (Tr. 46.) Thereafter, petitioners began expanding on a nationwide basis. (Pl.Ex. 14.)

Hyatt Legal Services has grown into a multi-state network of law offices with over 100 offices in numerous cities in sixteen states, including approximately eleven offices opened in metropolitan Chicago during the Fall of 1982. (Pet. App. 13a-14a; Pl.Ex. 14.) Hyatt Legal Services plans to expand "into most of the fifty states" and become the H & R Block of law firms, with Hyatt Legal Services offices sharing office expenses with many of the 9,000 H & R Block offices across the country. (Def.Ex. 1, Exs. A-T.)

In 1982, Hyatt Legal Services spent approximately $3 million in advertising. (Pet. App. 2a.)

The Seventh Circuit Remanded for Entry of a Preliminary Injunction Which Does Not Prohibit Petitioners' Use of the Name "Hyatt."

The Seventh Circuit reversed the district court's interlocutory order, determining that Hyatt's "proof that Hyatt Legal Services is violating the [Illinois] Anti-Dilution Act [goes] substantially farther than showing a

likelihood of success, and we may certainly take into account the strength of Hyatt Hotels' case in balancing the equities." (Pet. App. 8a.) The Seventh Circuit recognized that if petitioners are permitted to continue their ambitious marketing and expansion efforts under the name Hyatt Legal Services, the distinctiveness of the HYATT mark will be diluted and eventually destroyed. "[I]t is the very nature of dilution to gnaw away insidiously at the value of a mark." (Pet. App. 7a.)

Although the Seventh Circuit remanded for entry of a preliminary injunction, it did *not* enjoin petitioners' use of the name "Hyatt." Instead, it merely ordered petitioners to modify their business name in such a manner that "it will make clear that the name 'Hyatt' as used by Hyatt Legal Services is a personal name, not a trade name." (Pet. App. 10a.)

The Seventh Circuit suggested two possible new names—"Joel Hyatt Legal Services" or "Hyatt, Hyatt, Willis and Brooks" (the surnames of the four law partners)—but allowed petitioners to propose their new name, thereby enabling them to select a name consistent with both the law and their own marketing needs. (Pet. App. 9a-10a.)

The Seventh Circuit questioned but did not disturb the district court's denial of relief under the Lanham Act. (Pet. App. 4a.) Emphasizing the preliminary nature of both the relief granted and the relief denied, the Seventh Circuit noted that Hyatt could present further evidence on the Lanham Act claim when the case is "tried on the merits." (*Id.*) In addition to Hyatt's claim under the Anti-Dilution Act and the Lanham Act, Hyatt has also asserted claims under the Illinois Deceptive Trade Practices Act (Ill.Rev.Stat. ch. 121½, § 313) and the Illinois Consumer

Fraud and Deceptive Business Practices Act (Ill.Rev.Stat. ch. 121½, § 262 *et seq.*). (R-1; Pet. App. 10a.) In remanding the case for further proceedings, the Seventh Circuit noted that these claims will also be included in the trial on the merits. (*Id.*)

Status of the Case.

The Seventh Circuit has stayed its mandate pending resolution of this Petition. The district court has not yet entered a preliminary injunction.

REASONS WHY THE WRIT SHOULD BE DENIED

1. Petitioners Have Waived the Questions They Present for Review Here.

Petitioners were aware from the outset of this case that Hyatt was seeking nationwide preliminary injunctive relief predicated on Illinois as well as federal law. Petitioners nevertheless failed to raise any constitutional defense at any stage of the proceedings until their petition for rehearing below, which was denied without an opinion. (*See supra*, at 2-3.)

The principle of waiver followed in the Seventh Circuit (*see supra*, at 3) is established law, long recognized by this Court. *Michel v. Louisiana*, 350 U.S. 91, 99 (1955); *Steagald v. United States*, 451 U.S. 204, 208-10 (1981).[2]

[2] The limited exception to this waiver rule is not applicable here. *See Curtis Publishing Co. v. Butts*, 388 U.S. 130 (1967) (no waiver

(Footnote continued on following page)

It applies *a fortiori* here—where this Court is being asked to review constitutional defenses never raised until the unsuccessful petition for rehearing and never addressed by either the Seventh Circuit or the district court. For this reason alone, the Petition should be denied.

2. Petitioners Are Seeking Review of an As-Yet-To-Be-Entered Interlocutory Order in a Case Remanded for Further Proceedings.

Although the Seventh Circuit's opinion manifestly contemplates entry of a nationwide preliminary injunction, petitioners contend that there is ambiguity as to the geographic scope of that injunctive relief. (Pet. 7.) Petitioners presented the same contention to the Seventh Circuit in their petition for rehearing, which was denied without an opinion. Petitioners' strained effort to conjure ambiguity where none exists is, in any event, irrelevant. The relief ordered by the Seventh Circuit is merely interlocutory. Accordingly, this Court should not grant certiorari to review an interlocutory order that remands the case to the district court for further proceedings, including a trial on the merits. *Brotherhood of Locomotive Firemen and Enginemen v. Bangor & Aroostock R.R. Co.*, 389 U.S. 327, 328 (1967) ("because the Court of Appeals remanded the case, it is not ripe for review by this Court"); *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 258 (1916) (lack of finality is sufficient ground for denial of certiorari);

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[2] *continued*
where [1] there was a substantial development in the law *after* trial, [2] defendant raised the issue "early enough so that this Court has had the benefit of some ventilation by the courts below," and [3] the constitutional right involved—freedom of speech—"safeguard[ed] a freedom which is the matrix, the indispensable condition, of nearly every other form of freedom").

American Construction Co. v. Jacksonville, T. & K.W.R. Co., 148 U.S. 372, 384 (1893) (except in "extraordinary" situations, Court should not issue certiorari to review appeal of interlocutory order).

3. The Commerce Clause Does Not Require Uniform Commercial Tort and Contract Laws in the Fifty States.

Petitioners contend that a preliminary injunction modifying their name even in Illinois alone would violate the Commerce Clause. Petitioners' contention, however, is based on a remarkable misreading of the Seventh Circuit's decision in this case and a fundamental misunderstanding of this Court's Commerce Clause decisions.

Petitioners baldly assert that under the Seventh Circuit's decision a hypothetical cement maker named "Calvin Klein" would merely have to show prior use of his trade name and advertising of that name in order to prevail under the Illinois Anti-Dilution Act. (Pet. 12-13.) The Seventh Circuit did not so hold. Rather, the Seventh Circuit determined that Hyatt was required to make a substantial showing, *inter alia*, that (a) the HYATT mark is distinctive and (b) the mark's distinctiveness is threatened by petitioners' acts. (Pet. App. 5a.)

In determining that Hyatt more than satisfied this burden, the Seventh Circuit considered Hyatt's $50 million in annual advertising and marketing efforts, the length of time the HYATT mark had been used, the nature and extent of Hyatt's business, and the scope and strength of Hyatt's reputation. (Pet. App. 6a-7a.) The Seventh Circuit also determined that Hyatt had made a compelling showing that petitioners' use of the HYATT mark dilutes that mark. In this regard, the Seventh Circuit correctly considered the similarity of the two marks and the breadth

of petitioners' marketing efforts. (Pet. App. 7a.) Thus the challenged decision manifestly is based on far more than just "prior use" and "advertising"; moreover, the decision correctly applies Illinois dilution law. *Polaroid Corp. v. Polaraid, Inc.*, 319 F.2d 830 (7th Cir. 1963).

In enacting the Anti-Dilution Act, the Illinois legislature affirmed the State's strong interest in protecting the distinctive marks of its citizens. In *Edgar v. MITE Corp.*, 457 U.S. 624 (1982), on which petitioners principally rely, this Court held that the Commerce Clause permits indirect state regulation of interstate commerce, so long as the burden on interstate commerce is not excessive in light of the local interests furthered by a challenged state statute. 457 U.S. at 640. "If a legitimate local purpose is found, then the question becomes one of degree." *Pike v. Bruce Church, Inc.*, 397 U.S. 137, 142 (1970). Under this standard, state rules permissibly may apply to interstate business operations despite their burden on interstate commerce. *E.g., South Carolina State Highway Dept. v. Barnwell Bros.*, 303 U.S. 177 (1938) (state truck width and weight regulation applied equally to intrastate and interstate businesses).

The three infirmities suffered by the Illinois Business Takeover Act at issue in *MITE*, *see* 457 U.S. at 641-45, are completely absent here:

First, as in *Barnwell Bros.*, petitioners' activities within Illinois would be unlawful under the Illinois Anti-Dilution Act even if they were being done by a wholly intrastate business enterprise. *Compare Edgar v. MITE*, 457 U.S. at 641-42.

Second, the only burden on commerce petitioners can concoct is their assertion that a few television viewers in Indiana may doubt the relationship between petitioners' offices in Illinois and Indiana. (Pet. 10.) This is surely a

constitutionally immaterial burden on interstate commerce, and the absence of an Anti-Dilution Act in Indiana cannot effectively repeal Illinois' statute. Moreover, the Seventh Circuit's application of the Illinois Anti-Dilution Act to petitioners' unlawful behavior in Illinois imposes minimal burdens on petitioners themselves. Although petitioners will have to modify Hyatt Legal Services' television commercials, such commercials admittedly "get stale and have to be changed constantly." (Tr. 97.) Petitioners will also have to modify approximately eleven signs in Illinois, at an average cost of $800 per sign. (Tr. 97; Pl.Ex. 14.) Considering that petitioners annually spend approximately $3 million dollars in advertising, the "burden" imposed by an injunction modifying petitioners' unlawful behavior in Illinois is indeed minimal. *Compare Edgar v. MITE*, 457 U.S. at 643 (state statute blocked nationwide tender offer); *Pike v. Bruce Church*, 397 U.S. at 139-140 (contested order would have compelled plaintiff to construct a $200,000 facility in Arizona, even though plaintiff already had an adequate facility 31 miles away in California).

Third, unlike the challenged statute in *MITE*, the Illinois Anti-Dilution Act provides the only protection for Hyatt's valuable, state-created property right; without injunctive relief under the Illinois Anti-Dilution Act, that valuable right would enjoy no protection. *Compare Edgar v. MITE*, 457 U.S. at 644 (same protection afforded by federal law and challenged state statute); *Pike v. Bruce Church*, 397 U.S. at 143-44 (contested order did not even serve purported purpose of state statute under which it was issued).

Finally, *Bibb v. Navajo Freight Lines, Inc.*, 359 U.S. 520, 523 (1959), upon which petitioners also rely (Pet. 11), is inapposite because the Seventh Circuit expressly allowed petitioners to select Hyatt Legal Services' new name

so that they could comply with both the various state ethics provisions to which they are subject and the Anti-Dilution Act. (Pet. App. 9a n.5.)[3] In *Bibb*, the conduct required by the challenged state statute was expressly made illegal by another state's law. 359 U.S. at 527. Moreover, twenty-two states, from New York to California and from Florida to Montana, have Anti-Dilution Acts literally identical to Illinois' Act. (Pet. App. E.) By contrast, the conduct Illinois forbade by the statute at issue in *Bibb* was lawful in forty-five other states. 359 U.S. at 523.

4. An Illinois Court Having Personal Jurisdiction Over Petitioners May Enjoin Petitioners' Conduct Outside of Illinois that Injures Hyatt's Illinois Property Rights.

Petitioners fail to understand that the relief granted here is functionally and constitutionally no different than the relief—injunctive or monetary—routinely awarded in a variety of tort and contract cases involving defendants who operate in several states and violate property or contractual rights protected under the applicable state law. *E.g., Keeton v. Hustler Magazine, Inc.*, ____ U.S. ____, 79 L.Ed.2d 790 (1984); *Allstate Ins. Co. v. Hague*, 449 U.S. 302, 312-13 (1981). Here, petitioners have never contested personal jurisdiction or the applicability of the Illinois Anti-Dilution Act (rather than some other state's Anti-Dilution Act) to their actions.

In *Keeton* this Court held that a tort plaintiff could obtain nationwide relief under the applicable state law in a single lawsuit if that State's substantive law permitted

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[3] No attorney disciplinary authority has told petitioners that they cannot use the name Joel Hyatt Legal Services, one of the alternative names the Seventh Circuit suggested. (Pet. App. 9a; Tr. 87, 88.)

such relief. 79 L.Ed.2d at 799 n.9. Thus, this Court found no constitutional impediment to nationwide relief premised on local law.[4]

Keeton applies *a fortiori* here. Hyatt, an Illinois resident, is in an Illinois federal court seeking protection under Illinois law of its Illinois property rights. Petitioners have "continuously and deliberately exploited" the Illinois market, have numerous offices in Illinois, and are practicing law there. Just as Hustler "can be charged with knowledge" of a New Hampshire rule that permits a libel suit for "nationwide damages" (79 L.Ed.2d at 802), the petitioners here—all of whom are lawyers—are charged with knowledge of the Illinois Anti-Dilution Act and the long-established power of the Illinois courts to enjoin petitioners' activities outside Illinois.[5]

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[4] Petitioners cite *Pennoyer v. Neff*, 95 U.S. 714 (1877) for the "elementary principle" that "the laws of one State have no operation outside of its territory"—a principle petitioners assert (seriously, one presumes) that this Court has adhered to "without exception." (Pet. 13.) Four years ago, however, this Court labelled petitioners' "elementary principle" a "shibboleth." *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 293 (1980). More than a quarter of a century ago, this Court explained the reason for its departure from petitioners' "elementary principle":

> Today many commercial transactions touch two or more States and may involve parties separated by the full continent. With this increasing nationalization of commerce has come a great increase in the amount of business conducted by mail across state lines. At the same time modern transportation and communication have made it much less burdensome for a party sued to defend himself in a State where he engages in economic activity.

McGee v. Int'l Life Ins. Co., 355 U.S. 220, 222-23 (1957) "The historical developments noted in *McGee*, of course, have only accelerated in the generation since that case was decided." *World-Wide Volkswagen, supra*, 444 U.S. at 293.

[5] *See Polaroid Corp. v. Polaraid, Inc.*, 319 F.2d 830 (7th Cir. 1963) (court enjoined non-Illinois conduct under Illinois Anti-

(Footnote continued on following page)

Further, fundamental notions of fairness and judicial economy support the grant of complete relief in a single action. As this Court stressed in *Keeton*, complete relief in a unitary action reduces "the potential serious drain . . . on judicial resources" and "also serves to protect defendants from harassment resulting from multiple suits." 79 L.Ed.2d at 799.[6]

5. The Lanham Act Has Not Preempted State Trademark Law.

Petitioners' preemption argument (Pet. 15-18) is premised on an erroneous analogy to federal patent and copyright law. Federal patent and copyright laws create and define limited monopolisitic rights mandated by the United States Constitution, Art. I, § 8. In so doing they strike a balance between promoting invention and preserving free competition. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230-231 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964). They effectuate

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[5] *continued*
Dilution Act where defendant engaged in interstate business in Illinois, Indiana and Iowa); *Instrumentalist Co. v. Marine Corps League*, 509 F.Supp. 323, 340 (N.D.Ill. 1981) ("It would be the height of absurdity to hold that Illinois had a legitimate interest in protecting vested rights (especially those of Illinois residents) against dilution but that, having acquired jurisdiction over an offender, courts sitting in Illinois would be helpless to deal with dilutive acts once they crossed state lines.").

[6] Petitioners contend that the Seventh Circuit's "broad interpretation" of the anti-dilution provision of the Model State Trademark Act renders illegal conduct which in other States might be legal. This contention, even if true, is irrelevant as a matter of law. As this Court held in *Keeton*, 79 L.Ed.2d at 800:

> Petitioner's successful search for a State with a lenghthy statute of limitations is no different from the litigation strategy of countless plaintiffs who seek a forum with favorable substantive or procedural rules or sympathetic local populations.

this carefully drawn balance by preempting state law,[7] establishing uniform federal standards, and providing an exclusive federal forum for adjudicating copyright and patent claims. 28 U.S.C. § 1338(a).

By contrast, the Lanham Act strikes no such delicate balance. It merely codifies one aspect of unfair competition law, leaving undisturbed the vast common law of unfair competition, of which dilution is but one part. *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 372 (1st Cir. 1980). Whereas there are *no* state patent or copyright laws, there are state trademark laws in *all fifty states*. 5 Callmann, *Unfair Competition, Trademarks and Monopolies* § 40.35 (4th Ed. 1984). Similarly, whereas copyright and patent are cognizable *only* in federal court, federal trademark claims may be brought in both federal and state courts. Indeed, Congress expressly recognized the non-exclusivity of the Lanham Act by granting the federal district courts original (but *not* exclusive) jurisdiction over civil actions simultaneously asserting a claim under the trademark laws *and* "a claim of unfair competition." 28 U.S.C. § 1338(b).[8]

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[7] Section 301 of the Copyright Act expressly preempts state copyright law. 17 U.S.C. § 301. Federal preemption under the patent laws is inherent in the statutory scheme. *Sears*, 376 U.S. at 229.

[8] In view of these distinctions between copyright and patent, on the one hand, and trademark, on the other, petitioners' reliance on this Court's decisions in *Sears* and *Compco* (Pet. 16-17) is plainly misplaced. In both cases the Court relied on the grant of monopoly rights in preempting state law. *Sears*, 376 U.S. at 230-231; *Compco*, 376 U.S. at 237. By contrast, the Lanham Act legislative history upon which petitioners rely expressly disclaims any such purpose, stating: "Trademarks are not monopolistic grants like patents and copyrights." S.Rep. No. 1333, 79 Cong. 2d Sess., *reprinted in* U.S. Code Cong. Serv. 1274.

Where Congress has intended preemption by the Lanham Act it has made its purpose plain. Thus, in 1982 Congress enacted Section 39a of the Act, which expressly preempted state trademark display rules that undermined the federal scheme.[9] If state anti-dilution statutes undermine the very essence of the federal statutory scheme, then surely Congress would not have preempted only state display rules while leaving intact the anti-dilution statutes of twenty-two states.

In short, the Illinois Anti-Dilution Act complements rather than frustrates the purpose of the Lanham Act. It does not permit what the Lanham Act prohibits, *i.e.*, a *confusing* use of a mark, 15 U.S.C. § 1114(1). The Anti-Dilution Act expressly applies where there is *no* confusion. Ill.Rev.Stat. ch. 140, § 22. The Illinois Anti-Dilution Act—like its counterparts in twenty-one other states—protects trademark owners against a substantially different invasion of property rights: "injury to business reputation" and "dilution of the distinctive quality of the mark." *Id.*

> [The] injury [of dilution] differs materially from that arising out of orthodox confusion [caused by infringement]. * * * Such confusion leads to immediate in-

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[9] Section 39a provides as follows:

> No state or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark, or require that additional trademarks, servicemarks, trade names, or corporate names that may be associated with or incorporated into the registered mark be displayed in the mark in a manner differing from the display of such additional trademarks, servicemarks, tradenames, or corporate names contemplated by the registered mark as exhibited in the certificate of registration issued by the United States Patent and Trademark Office.

15 U.S.C. § 1121a.

> jury, while dilution is an infection which, if allowed to spread, will inevitably destroy the advertising value of the mark.

Polaroid Corp. v. Polaraid, Inc., 319 F.2d 830, 836 (7th Cir. 1963).

The federal and Illinois statutes thus operate in different and complementary realms. State anti-dilution statutes are no different than state trade secret or disparagement laws, which recognize and protect proprietary business interests notwithstanding complementary federal statutory protection. *See Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974) (California trade secret law not preempted by federal patent law).

Finally, contrary to petitioners' assertion (Pet. 17-18), there is no conflict among the Circuits on the preemption issue. The dicta in petitioners' Ninth Circuit preemption precedent was expressly rejected and a contrary rule announced in *Golden Door, Inc. v. Odisho*, 646 F.2d 347, 352 (9th Cir. 1980); petitioners' fifty-year-old Seventh Circuit precedent has long since been superseded in that Circuit by cases—including this one and *Polaroid, supra*—granting multi-state relief under the Illinois Anti-Dilution Act while denying relief under the Lanham Act; and petitioners' Eighth Circuit precedent did not involve an Anti-Dilution Act.

CONCLUSION

For these reasons, the petition for writ of certiorari should be denied.

Respectfully submitted,

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